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COMMISSION ON TRANSNATIONAL CORPORATIONS
Seventeenth session
10-19 April 1991
Agenda items 3, 4, 5, 6, 10, 11 and 12

RECENT DEVELOPMENTS RELATED TO TRANSNATIONAL CORPORATIONS AND INTERNATIONAL ECONOMIC RELATIONS

TRANSNATIONAL CORPORATIONS AND ISSUES RELATING TO THE ENVIRONMENT, INCLUDING THE CONTRIBUTION OF THE COMMISSION AND THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS TO THE WORK OF THE PREPARATORY COMMITTEE FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

ROLE OF TRANSNATIONAL CORPORATIONS IN SERVICES, INCLUDING TRANSNATIONAL BANKS

ONGOING AND FUTURE RESEARCH

STRENGTHENING THE NEGOTIATING CAPACITY OF DEVELOPING COUNTRIES IN THEIR DEALINGS WITH TRANSNATIONAL CORPORATIONS

COMPREHENSIVE INFORMATION SYSTEMS

ACTIVITIES OF THE UNITED NATIONS CENTRE ON TRANSNATIONAL CORPORATIONS

Ghana*: revised draft resolution

The Commission on Transnational Corporations recommends to the Economic and Social Council the adoption of the following draft resolution:

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* On behalf of the States Members of the United Nations that are members of the Group of 77.

Recommendations of the Commission on Transnational Corporations at its seventeenth session and its contribution to the preparatory process of the United Nations Conference on Environment and Development

The Economic and Social Council

A

1. Takes note of the reports of the Secretary-General on recent developments related to transnational corporations and international economic relations, 1/ the role of transnational corporations in services, including transnational banks, 2/ ongoing and future research, 3/ strengthening the negotiating capacity of developing countries in their dealings with transnational corporations, 4/ the comprehensive information system, 5/ and the activities of the United Nations Centre on Transnational Corporations; 6/

2. Requests the Secretary-General to prepare for the eighteenth session of the Commission on Transnational Corporations a consolidated report analysing the latest trends in foreign direct investments in the world economy, in particular, their impact on developing countries, which would include, inter alia:

(a) Ways of enhancing the benefit to developing countries of foreign direct investments;

(b) Assessment of the role of transnational corporations in regional and subregional integration processes among developing countries;

(c) The contribution of transnational corporations in complementing domestic investment in developing countries, particularly in the least developed countries, with a view to the eradication of poverty, employment generation, human resources development, infrastructure building and, in general, the enhanced quality of life of peoples;

(d) The recent trends in transnational corporation activities in relation to international trade, transfer of technology to developing countries, financial flows, and external debt;

1/ E/C.10/1991/2.

2/ E/C.10/1991/4, E/C.10/1991/5 and E/C.10/1991/6.

3/ E/C.10/1991/7.

4/ E/C.10/1991/13.

5/ E/C.10/1991/14.

6/ E/C.10/1991/15.

(e) Recommendations to encourage developed countries to adopt policies that may give incentives to transnational corporations to invest in developing countries;

(f) The role of transnational corporations in services;

(g) The general impact on availability of resources for developing countries of current flows of foreign direct investment towards the economies of Eastern Europe, in the short and medium terms;

3. Also requests the Secretary-General to prepare a report on the efforts of the home countries of transnational banks to facilitate the reduction of external debt and service of developing countries, taking into account the various proposals made by developing and developed countries with a view to finding a durable solution to the debt problem;

4. Requests the Centre to include in its technical cooperation activities the promotion of interregional, intraregional and subregional economic integration, including the possibilities and potentialities of strengthening cooperation among developing countries through the transfer of technology developed by national corporations from those countries;

5. Stresses the importance of ensuring that the technical cooperation activities of the Centre will benefit developing countries on an equal basis and requests the Centre to continue its efforts to develop its programme of support for cooperative activities of small and medium-sized enterprises in developing countries, as well as training programmes and advisory projects directed towards enhancing the capacities of developing countries to protect their interests and properly benefit from the activities of transnational corporations and joint venture schemes, and requests an evaluation report on this subject to be submitted to the Commission at its eighteenth session;

6. Requests the Secretary-General to consider the feasibility of establishing a fund for voluntary contributions, financial or in kind, from transnational corporations, as well as other ways of mobilizing such contributions for the purpose of protecting and enhancing the environment;

7. Recognizes the need for the Centre to diversify the sources of funding for research and technical cooperation activities and, to this end, invites donors to contribute to the Centre's trust fund for technical cooperation, and requests the Secretary-General to seek to mobilize resources from various sources, including non-governmental organizations, and to report to the Commission, at its eighteenth session;

B

8. Takes note of the reports of the Secretary-General on transnational corporations and issues relating to the environment 7/ and requests the Secretary-General to transmit those reports to the Secretary-General of the United Nations Conference on Environment and Development together with the views expressed by members of the Commission at its seventeenth session with a view to making both reports and views available for consideration by the Preparatory Committee for the Conference at its third session;

9. Reaffirms that the following issues, inter alia, will have to be properly dealt with in order to encourage and mobilize the cooperation of transnational corporations for the management of the environment to ensure its protection and enhancement in all countries, in accordance with General Assembly resolution 44/228 of 22 December 1989:

(a) Specific responsibilities of large industrial enterprises, including transnational corporations, for sustainable development management during the 1990s and beyond, encompassing the following features:

(i) The commitment of transnational corporations to environmental protection in all countries;

(ii) The positive role that transnational corporations can play in the protection of the environment, inter alia, through the improved management and regulation of industrial processes and investment in and generation of environmentally benign technologies and processes;

(iii) Observance by transnational corporations of internationally agreed environmental standards and guidelines;

(iv) Research and development by transnational corporations and their affiliates in the area of environmentally sound technologies;

(v) Intra-firm access to environmentally sound technologies and to information thereon and cooperation between transnational corporations and host country firms in the use of environmentally sound technologies, in particular the developing countries;

(vi) Application of corporate world-wide environment and development policies consistent with the laws and regulations of host Governments;

7/ E/C.10/1991/3 and Add.1.

(vii) Maintenance by transnational corporations and their affiliates of consistent and higher enviromental, health and safety standards for products, processes and services, in order to reach equivalent levels of safety for all workers, communities and consumers;

(viii) Environment and development reporting by transnational corporations;

(ix) Implementation of the "polluter pays" principle, preventive action at the source, a precautionary approach to environment and development issues, and determination of the liability of transnational corporations;

(b) Liability of transnational corporations for any damage to life and property resulting from their own activities or the activities of their affiliates and prompt payment of full and adequate compensation where such damage occurs;

(c) Establishment of internationally agreed standards and guidelines aimed at the development by transnational corporations of environmental management policies and programmes, as well as the further development of criteria for environmental management, to ensure that the degree of safety required in new installations employing transferred technology should not create an additional burden for the economies of developing countries or new barriers to access to and transfer of technology but should, in all cases, take into account the special needs of those countries;

(d) Policies of host Governments in providing an appropriate framework for contributions by transnational corporations to sustainable development;

10. Recommends that a resumed session of the Commission be held for two days in January 1992 in order to consider operational principles and proposals for action aimed at the encouragement and mobilization of the cooperation of transnational corporations for the management of the environment to ensure its protection and enhancement in all countries;

11. Requests the Executive Director of the United Nations Centre on Transnational Corporations to prepare drafts of operational principles and proposals for action based on the views expressed by Governments during the seventeenth session of the Commission on Transnational Corporations, taking into account the views expressed by the Preparatory Committee of the United Nations Conference on Environment and Development at its third session and after extensive consultations with transnational corporations from all regions of the world;

12. Also requests the Executive Director of the Centre to transmit the findings of the research project on "Transfer of environmentally

sound technologies to developing countries on favourable terms" and the prototype financial statements that would enable corporations to report their income and profits on a sustainable basis to the Secretary-General of the United Nations Conference on Environment and Development before the third session of the Preparatory Committee of the Conference;

13. Requests the President of the Economic and Social Council to transmit part B of the present resolution to the Chairman of the Preparatory Committee of the United Nations Conference on Environment and Development as the substantive contribution of the Commission to the work of the Preparatory Committee at its third session.